GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1016
ANSWERED ON:07.12.2004
PRODUCTION COST OF UREA
Acharia Shri Basudeb

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) contribution of feedstock, energy and wage capital in the production cost of Urea;

(b) the details of the effect of changing feed stock on the cost of production of urea;

(c) whether the cost of fuel oil per tonne of urea changes from place to place in the country and also from one country to another affecting ultimate cost of production;

(d) if so the facts in this regard;

(e) whether in other countries subsidies are given in the feedstock rather than in product making the fertilizer cheap;

(f) if so, facts thereof;

(g) whether any study has been taken up in this regard; and

(h) if so, the details thereof?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) The concession rates being paid to urea units under the New Pricing Scheme (NPS) for urea units are based on the averages of the retention prices of urea units as on 31.3.2003 of respective groups. The concession rate is a composite figure based on the group average which includes all the elements of cost and does not have break-up like feedstock, energy, wage and capital cost.

(b) The existing urea units use different types of feedstock such as natural gas, naphtha, fuel oil, low sulphur heavy stock (LSHS) etc. The composition of the feedstock used will also vary from time to time depending upon the availability. The weighted average group concession rates of different groups of urea units based on the latest notified rates of concession are given in the table below:

Group	Weighted average group concession rate of urea (Rs./MT)
Pre-92 Gas	5520
Post-92 Gas	7244
Pre-92 Naphtha	12823
Post-92 Naphtha	11854
FO/LSHS	10999
Mixed feed	8196
Overall Weighted Average	8591

(c) & (d): All the urea manufacturing units are not using fuel oil for the manufacture of urea. The cost of fuel oil varies from place to place depending upon the location of unit, source of supply and applicable taxes and duties. Correspondingly, there will be a variation in the cost of fuel oil per tonne of urea. Cost of fuel oil also varies from country to country depending upon the source and destination.

(e) & (f): No such data is maintained.

(g): No, Sir.

(h): Question does not arise.